The plan is working

Workers' Compensation Board-Alberta 2002 Annual Report

WCB Workers' Compensation Board Alberta

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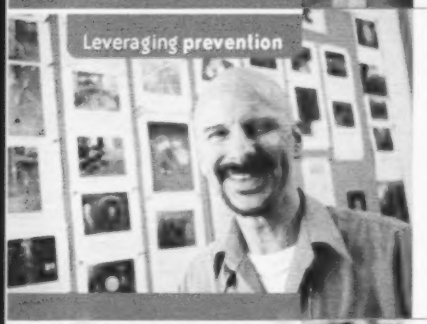

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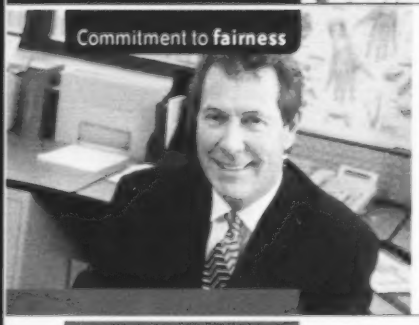

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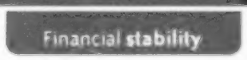

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Year at a glance

The plan is **working**

The 2002-2004 strategic plan renews our commitment to the vision of "Albertans working – a safe, healthy and strong Alberta." The province we live in is constantly changing, and individuals and organizations are continuously challenged to improve. We have accepted that challenge. Our strategic plan builds on our past and provides a focus for the future. It is a plan that gives us confidence that we can reduce the impact of workplace illness and injury on Albertans.

As you peruse the pages of this report, you'll have the opportunity to meet a few people who reflect success: injured workers who persevered and got back on the job; employers whose innovative safety and disability management programs make their workplaces safer; and WCB staff who are committed to helping our customers through fair decisions and excellent customer service. Each section of the report represents a pillar of our strategic plan, so you can see the plan in action.

This year's annual report theme reflects WCB-Alberta's commitment to Albertans working. It also highlights our strategic plan and the framework it provides for our work now and in the future.

We believe that with our partners we can make a difference. The plan is working.

ALBERTA
HUMAN RESOURCES AND EMPLOYMENT

Office of the Minister

As the Minister responsible for supporting workplace health and safety, I commend the WCB-Alberta on its support of the Work Safe Alberta initiative.

Workplace injuries and fatalities cause major upset and disruption in the lives of workers, employers, friends and families. I am therefore challenging employers, workers, safety associations, unions and government to reduce provincial lost time claims to a rate of 2.0 claims per 100 person years by the end of 2004. This would result in a 40 per cent reduction from the 2000 rate and would result in 15,000 fewer injured workers and a potential $200 million reduction in WCB claims costs annually.

The Work Safe Alberta initiative was developed in consultation with industry, labour, safety associations, the WCB and government leaders. As part of government's commitment, the *Occupational Health and Safety Amendment Act* became law on December 4, 2002. The WCB has also been an enthusiastic partner in Work Safe Alberta and has been committed to the initiative from the start. As a WCB stakeholder there are many ways you can get involved: sponsoring one of our advertisements, working as a mentor, or taking a good, hard look at your own safety practices. At the end of the day, we know that safety comes down to making the right choice, every time.

Your involvement is essential to ensuring Albertans have safe and healthy workplaces. Thank you for your continued support. Best wishes.

Cordially,

Clint Dunford
Minister

324 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 Telephone 780/415-4800 Fax 780/422-9556

2002 Board of Directors

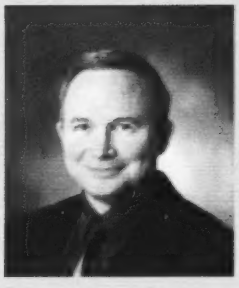
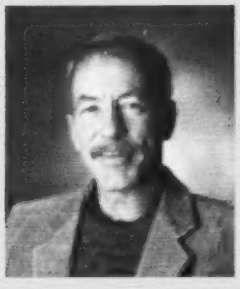
From left to right:
Rick LeLacheur Board Chair
Guy Kerr President and CEO

Representing the interests of employers

David Carpenter
John Hokanson
Don Ritz Vice Chair

Representing the interests of workers

Gerrie Rajotte
Mark McCullough
John Malthouse

Representing the interests of the general public

Gary Cerantola
Barry T. Munro
Tom Shields

Message from the Chair

2002 was a dynamic year for WCB-Alberta. Highlights from the year included a renewed focus on service, and the search for and selection of a new CEO.

WCB policies, including Governance, were examined and consulted upon, on-line consultations became the norm and we introduced the first Annual General Meeting to Alberta stakeholders. Our government relations were strengthened, and the appeal and medical panel processes were improved. Through all this change, one thing remained constant: our commitment to keep Albertans working and to the strategic plan that guides us.

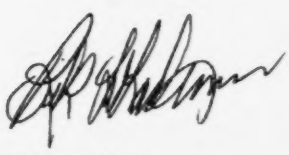
The Board of Directors' role is to review WCB's strategic direction regularly. As Board members we are strategists, relationship builders, and decision makers. We seek input from WCB employees, partners, customers and external experts to validate the organization's strategic direction. 2002 objectives built on our plan and reflected the beliefs and values of the WCB. Our success confirms we are on track.

The plan is working.
The long-term success of the plan relies on the employees at WCB. This made the Board's responsibility to select a leader for the organization key for 2002. Last year we went through a rigorous, national selection process to appoint a new President and CEO. We looked for business strength, leadership and dedication to WCB-Alberta's key role in returning injured workers to work. In the end, the best candidate was Guy Kerr. We have entrusted him to lead the corporation.

2002 also introduced changes to the *Workers' Compensation Act* through Bill 26. These changes built on WCB-Alberta's foundation of service and went a long way towards making WCB more open and accountable to workers and employers. They also made WCB more accountable to government by reporting on progress directly to the Minister of Alberta Human Resources and Employment.

As Board members, we intend to use our role:

- as strategists to continue to focus on leveraging prevention and improving return to work outcomes;
- as relationship builders to illustrate WCB's commitment to fairness; and
- as decision makers to continue to provide financial stability for WCB-Alberta.



Rick LeLacheur
Chair, Board of Directors
Workers' Compensation Board-Alberta

2002 Strategic Management Council

Guy Kerr President and CEO

Roxy Shulha-McKay
V.P. Employee and Corporate Services

Wendy King
V.P. Customer Service and Disability Management

Dieter Brunsch
V.P. Customer Service and Risk Management

Doug Mah
Secretary and General Counsel

Ron Grainger
Chief Financial Officer

Jim Wheadon
V.P. Business Development
and Information Management

Message from the President and CEO

Leadership and commitment. It takes both to make a real difference in reducing the impact and frequency of workplace injuries. The disturbing fact is that someone in Alberta is injured at work every 3.5 minutes of every day. Industry, labour, workers, safety associations, government and the WCB have a collective responsibility to change that statistic and make Alberta a safer place to work. I know we are succeeding.

More than ever, employers and workers are making a difference – in 2002, both claim duration and the number of new claims levelled off. If the frequency of injuries continues to decrease, everyone will benefit.

Some great results came about on our way toward making Alberta workplaces safer:

- by promoting injury prevention and developing effective disability management programs, over 3,400 companies earned $37 million in refunds for participation and performance in the Partners in Injury Reduction program.
- WCB's focus on financial stability helped keep Alberta premium rates among the lowest in Canada.
- renewed effort and co-operation brought great gains in returning injured workers to work safely and appropriately.
- more employers created modified work programs to accommodate the needs of their employees.

Every plan has its challenges. Our decision to take investments out of premium rates was a good one – and we have a plan in place to ensure our continued financial stability. Long-term trends in injury rates and return to work statistics are positive, but premium rates are influenced by market forces that affect us all. Over the next five years we have the opportunity to see more predictability in premium rates, but this depends on continued good safety performance and economic stability.

The plan is working thanks to the leadership and commitment of employers, injured workers and other concerned stakeholders. I would like to add my personal thanks to the staff of WCB for their dedication, hard work and belief in our purpose. If we all continue to value every employee on a worksite in Alberta, the plan will keep on working and we will truly make a difference.

Guy R. Kerr
President and CEO
Workers' Compensation Board-Alberta

Empowering employers to impact safety directly

Leveraging **prevention**

"Helping employers understand the connection between claim volumes, claim costs, and the premium rates they pay is what I do daily. I'm Cristina Cadeiras and I meet with employers to explain how the classification system works, how premium rates are set, and what factors impact rates. I also talk to them about the Partners in Injury Reduction (PIR) program and how a safe workplace can reduce premiums. Our statistics tell us that when employers and workers build an effective injury reduction plan, the human and financial costs of workplace injuries and illnesses can be reduced. But simply to tell employers they need to focus on prevention is not enough – you need partnerships like PIR to create a spirit of collaboration among participants who work towards a common goal.

I think PIR empowers employers to make a difference, because it shows how their actions directly impact their safety performance. It gives them the opportunity to be a leader in their industry and to define clear goals on how they can improve.

I gain personal satisfaction when I see PIR working – making a difference not only in the cost of insurance, but lowering claim frequency and creating safer workplaces. I think prevention is the key to reducing injuries and claims costs, and PIR helps employers make safety a priority."

Sharing the triumph of every injured worker's success

Return to **work**

"Imagine showing up for your first day of rehabilitation and finding out that not one, not two, but an entire team of experts is there to start taking care of you!

I'm Jill Haws and I'm part of the Occupational Rehabilitation Program team at Millard Health. We help people get well enough to go back to work – and the results speak for themselves: 98 per cent of the injured workers who enter our program are fit to work by the time they're done. That's just one of the reasons I think I have the best job in the world – it's exciting to develop the potential in people and see them shine!

Our program is about reducing the impact of workplace injuries with a focus on getting workers back on the job. Last year, ten teams made up of exercise therapists, physiotherapists, occupational therapists, psychologists, rehabilitation coordinators, and employment specialists treated more than 2,200 injured workers with injuries ranging from sprains and strains to severe back problems. Many of the clients we helped return to work went back to their pre-accident employers.

I like to think of Millard Health as 'one stop shopping' when it comes to rehabilitation."

The four pillars of

Feeling good about the journey

Commitment to **fairness**

"The path from injury to a safe return to work can be fraught with confusing twists and turns. I'm Janet Marcin and as a case manager it's my job to make the journey easier by helping everyone involved to understand how claim decisions are made. I believe education about the decision-making process goes a long way. It can build trust, especially with employers and workers going through a WCB claim for the first time. Some of the workers and employers I've encountered came in believing they were going to be treated like a number. Educating them about the process helps to melt away any trust barriers that arise and we work together, as a team. Then we all feel good about the journey back to work.

We take fairness seriously – it's the basis for our decisions and the reason why we develop partnerships with injured workers, their employers, and health care providers.

We need to make decisions based on the facts presented by all stakeholders. We might not always agree, but as long as everyone is heard, respected, and understood, the decision made is the fairest possible."

Keeping the Board on an even keel

Financial **stability**

"As a member of WCB's Investment Unit, I work to ensure the long-term financial stability of WCB-Alberta. I'm Stefan Cowell and my job is to help manage an investment portfolio of almost $3.7 billion*. I have to stay on top of the markets so I can recommend changes to the policy asset mix, help select external investment managers, evaluate risks, and research new opportunities.

My unit implements the investment policy set by the Board of Directors, operating from five investment principles: invest with a long-term time horizon, ensure diversification of asset classes, ensure diversification of investment managers, refrain from making short-term buy/sell decisions, and maintain a fairly liquid portfolio for flexibility.

Our diversified investment portfolio is structured to return good relative performance under all market conditions. Even with 2002's poor market performance, our investment portfolio managed to outperform the index of the various capital markets by 2.4 per cent!

Our stakeholders entrust us to manage the investment portfolio effectively. Making sound investment decisions is one of several strategies WCB uses to ensure a financially secure future."

*market value at December 31, 2002

our **strategic plan**

Another successful year for Partners in Injury Reduction

The ultimate way to reduce the impact of workplace illness and injury is to prevent it from happening. As a key part of our vision of a "safe, healthy, and strong Alberta," we want to do our part to ensure synergy between all stakeholders and encourage a focus on prevention. Our goal is to enhance the use and impact of existing pricing tools, capitalize on relationships with certifying partners by setting common goals, and leverage our experience and data to reduce injuries by setting meaningful safety benchmarks and best in class prevention targets.

Based on their performance in 2002, over 3,400 employers shared $37 million in rebates, with one company earning a PIR refund of almost $1 million.

"The amount of the refund is not the measure of success for these employers – although it's a great bonus!" says James Wilson, manager of Audit and Underwriting, WCB-Alberta. "The real success is that every company in PIR has benefited by investing time and money in workplace safety. They recognize that the benefits of protecting their workers far outweigh the premium refunds."

Keith Bryant, president of Hospitality Inns, agrees that safety equals success. "This program is about more than the rebates. If you can prevent worksite injuries you have been successful," says Bryant. "Our employees are the ones who run the program and, as the employer, we give them the support they need."

Alberta Human Resources and Employment Minister Clint Dunford says PIR "helps to foster a workplace safety culture where everyone accepts responsibility for safety and practices it on a daily basis."

The program is operated through the combined efforts of WCB-Alberta, Alberta Human Resources and Employment, and 15 certifying partners. Approximately 7,021 companies are registered for the 2003 PIR program, a 26.5 per cent increase over 2002.

Did you know?

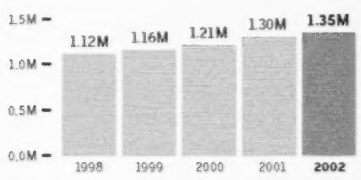
In 2002, PIR participants achieved a lost-time claim rate that is 13 per cent lower than the overall lost-time claim rate for non-PIR participants. They also outperformed non-PIR participants by 22 per cent on claim costs.

Based on their performance in 2002, the PIR program will award approximately 3,400 employers a total of $37 million in refunds, compared with $2.4 million to 489 employers in 1999, when the PIR program first began.

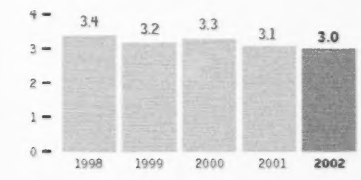
PIR program grew from 2,309 members in 1999 to 5,550 members in 2002. There are 7,021 registrations for the 2003 PIR program representing $19.9 billion in insurable earnings.

In 1999, PIR companies represented 20 per cent of the WCB insured workforce. In 2002, PIR membership has grown to represent 43 per cent of the insured workforce. In 2003, 49 per cent of the provincial workforce will be covered by a PIR employer.

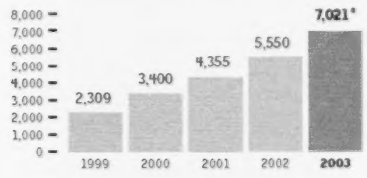
Number of workers covered



Lost-time claim rate per 100 workers

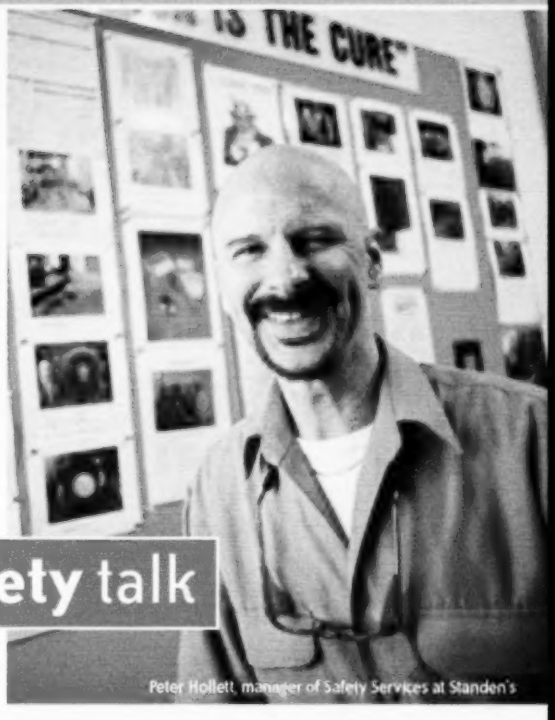


PIR registrations



*registrations for the 2003 PIR program received by Dec. 31, 2002

Safety is vital when working with hot, sharp, heavy steel.



Peter Hollett, manager of Safety Services at Standen's

"As executives we need to understand the safety needs of our front line people," says **Mel Svendsen**, President and CEO, Standen's Limited, a Calgary-based manufacturing company. "Safety doesn't stop with the foreman on the shop floor. When I'm out there, I must follow the rules and wear protective gear, too."

Standen's Limited walks the **safety** talk

STANDEN'S IS ONE of North America's largest manufacturers of heat-treated alloy steel products for the agricultural and transportation industries.

Safety is vital in a setting where employees work with hot, sharp, heavy steel. After hitting a devastating 50 lost-time claims in 1997, Standen's embarked on a massive safety training campaign to reduce workplace injuries. It worked. In 2002, there were 22 lost-time claims and Standen's was able to reduce their frequency rate (number of lost-time claims per million of insurable earnings) by 69 per cent.

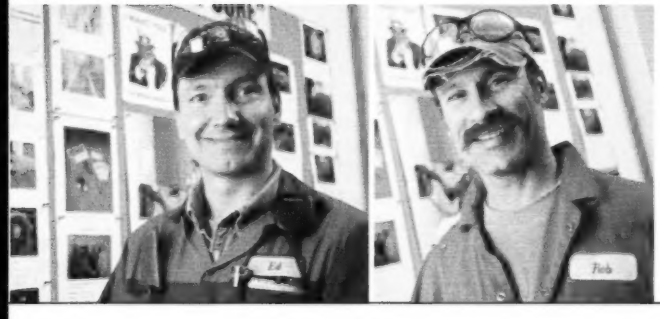
"Our team's goal of a healthy environment, free of accidents and injury, is consistent with WCB's vision," says Peter Hollett, manager of Safety Services at Standen's. "In our eyes 'zero' is a real number. We focus our attention on education and prevention, believing if we build processes and procedures that comply with legislation, keeping safety in mind, we will end up with fewer work-related injuries. We support Work Safe Alberta and believe programs such as PIR help educate and sponsor safer work environments."

Standen's has changed their safety program to get ahead of the game. "We already have our forklift operators wearing seat belts; require them to take operator training before they can run the equipment; and we have made fall protection mandatory. We didn't want to be standing at the starting line in September 2003 when new changes are legislated," says Hollett.

At Standen's, **"when a worker tells us about a potential hazard, we take a photo, make necessary changes, and photograph the upgrade,"** explains Hollett. "The photos are then posted on one of the boards in our facility with an explanation of the changes made and the name of the employee who reported the situation. We want our employees to know we take their suggestions seriously."

As part of its safety program, Standen's has a worksite safety committee of workers and managers who meet regularly to discuss prevention and safety training. "My philosophy is that it's morally, socially, and economically wrong for us to accept that injuries will occur on our worksite," emphasizes Hollett.

"We empower our employees to take safety into their own hands and to be part of ensuring incidents don't happen. When they see how committed we are to resolving these safety issues they do not hesitate to bring concerns forward knowing full well they will get results. We need everyone working together to create a healthier Alberta," he says.


Standen's employees Ed Gontar and Robert Murphy

WorkSafe™ 2002

Since 1999, we have proudly sponsored the WorkSafe™ Award, as part of the Alberta Chambers of Commerce Business Awards of Distinction. The award is presented annually to one small employer (fewer than 100 employees) and one large employer (more than 100 employees) who demonstrate their commitment to a safe, healthy, and strong Alberta through excellent injury prevention, innovative disability management, and integrated staff health and safety initiatives.

Nusco Manufacturing & Supply Ltd.

Nusco, an oilfield welding and manufacturing shop located in Nisku, Alberta took control of workplace injuries by hiring a safety coordinator, forming a safety committee, and performing a comprehensive review of all WCB claims. Nusco overhauled their health and safety program, developed a claims management system, and created a comprehensive training and return to work program, dramatically reducing injuries and costs. The key to their success? They made safety a shared responsibility, which was supported and promoted by senior management.

Cargill Foods

Canada's largest fully integrated beef-processing facility developed a health and safety plan that helped them achieve a superior safety record, earning more than $1 million in PIR incentives. Among the new initiatives was the creation of a joint health and safety committee and ongoing safety training for employees and subcontractors. An on-site health department at this High River business provides health promotion, health surveillance, and treatment intervention services. Senior management is committed to reducing the length and impact of injuries through a modified work program that includes physiotherapy and occupational therapy.

Nusco overhauled their health and safety program, developed a claims management system, and created a comprehensive training and return to work program, dramatically reducing injuries and costs.

Cargill's senior management is committed to reducing the length and impact of injuries through a modified work program that includes physiotherapy and occupational therapy.

Heads Up!

Half of all injured workers suffer their injury in the first year on the job – a brutal statistic.

That was the motivation behind 2002's 'Heads Up' campaign directed at inexperienced workers of all ages.

"We often think of new workers as young workers, but new means the length of time on the job. Whether you are 20 or 34, if you are new on the job, you are at risk," said Rick LeLacheur, Interim President and CEO of WCB, at the Heads Up launch in March 2002.

The Heads Up campaign, in its fourth year in 2002, is a partnership between WCB, Alberta Human Resources and Employment, Alberta Construction Safety Association, Alberta Hotel Safety Association, and Manufacturers' Health and Safety Association.

Frank messaging asked Albertans to "spot the new guy" via radio commercials, newspaper and magazine advertisements, and posters in bars, restaurants, and at worksites. "We all need to take action to effectively reduce these brutal injury statistics. **If you are new on the job, ask your supervisor about safety and your job. If you are an employer, watch out for your workers' safety,"** added LeLacheur. "Typically, we use edgy campaign messages and a creative approach to grab attention, and this year's Heads Up campaign is no different."

Did you know?

Over the past five years (1998 to 2002) more than 175,854 young workers, under the age of 25, experienced a work-related injury. That equates to the combined populations of Grande Prairie, Lethbridge, Lloydminster and Medicine Hat.

(Population statistics obtained from Alberta Municipal Affairs – 2001 Municipal Services Branch.)

Of the 101 workplace fatalities administered by WCB in 2002, nine were workers under age 25.

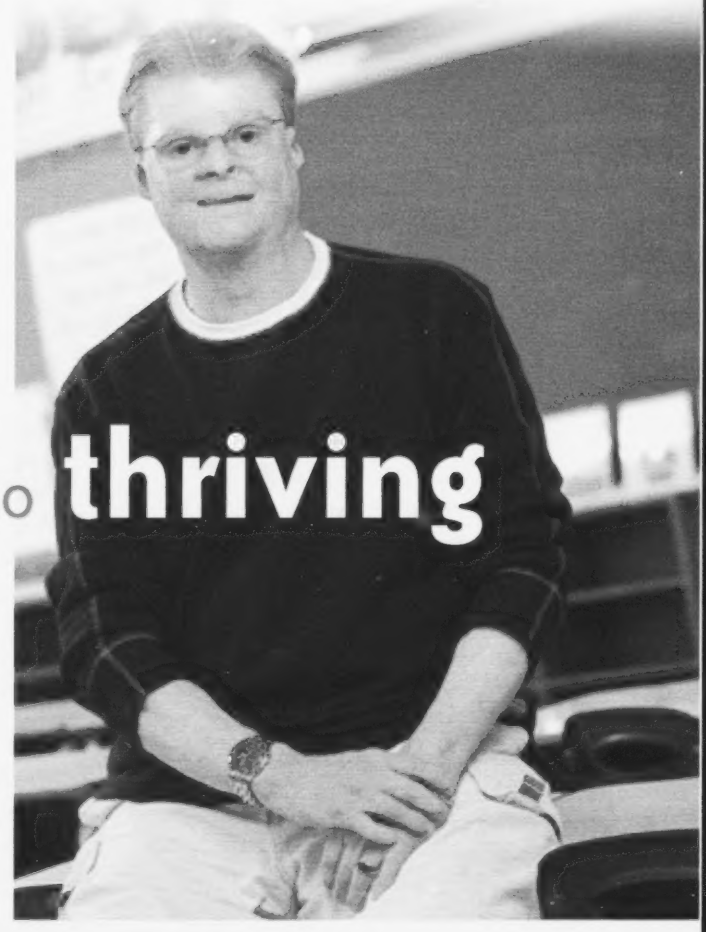
For injured workers under the age of 25, nearly 60 per cent were injured during their first six months on the job.

For workers under the age of 25, there were more than 38,585 work-related injuries reported in 2002. Of these, more than 7,442 young workers were hurt badly enough to miss work beyond the day of the accident.

For young workers – those hurt within the first year on the job – the top three industry areas in 2002 were: food/convenience store, restaurant/take-out food service, and meat processing.

For young workers, the most common injuries reported were: being struck by an object, over-exertion, and a fall.

His hands and arms are covered in new skin; his fingers are shorter than they should be. His ears have been eaten by fire; his face is bright pink and taut. But as Greg Goulet tells his story, there is a lively spirit in his blue eyes that no explosion could have diminished.



From **surviving** to **thriving**

GREG WAS WORKING as an apprentice plumber in a cabin at a popular Jasper resort one warm, sunny afternoon in 1990. He had no idea his life was about to change forever.

"We were in the basement of a building where the propane furnace was leaking, but no one knew because you couldn't smell it," Greg recalls. "I lit my torch to do my work and there was a flash fire." The explosion left Greg with second and third degree burns over 70 per cent of his body, and a badly burned face that would never look the same.

The next year felt like a long, unending nightmare. There were days in the burn unit at the University of Alberta hospital that he wished he hadn't survived – the pain was that bad. Greg remembers screaming in agony as he endured the hellish dressing changes.

As Greg tried to come to terms with his new face, he asked his wife Marlene to wheel him through West Edmonton Mall. "I wanted to see what I was up against," he says. "Mothers actually grabbed their children out of my path so they couldn't see my face and my scars."

Although Greg battled anger and depression in the months following that visit to the mall, he managed to find the courage to begin a new life. "I've gone from when I first came out of the hospital where I was barely able to move, to leading a fairly normal life," he says. **"I went from being a victim to a survivor and to somebody who tries to prevent this from happening to others."**

Greg credits his case manager, Catherine McCallum, for helping his family cope, as they struggled to live with the after-effects of his burns. "She's been very helpful. When I was in the hospital she took care of my family, with a place to stay, money for day care and other expenses. But it wasn't like winning the lottery," he says, adding that serious injuries are sometimes hardest on loved ones. "I think my wife went through a worse time than I did. She had to be a mom to our kids and a nurse to me, which was very hard on her. So we asked our case manager for a nurse."

WCB helped Greg go back to school to study media at Grant MacEwan College, and set him up with a computer to get his hands and mind working again. **Greg now works as a burn safety and awareness coordinator for the Alberta Burn Rehabilitation Society, speaking about the explosion and prevention.** For the past ten summers, he has also helped at the Alberta Children's Burn Camp, a place where he learns as much as the kids do about overcoming the odds.

"The kids have taught me that the 'normal' way is not the only way," says Greg. "I've learned so much from them about how to cope."

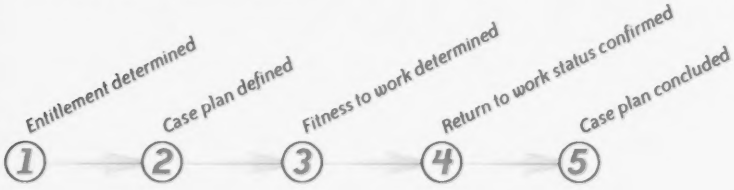
Catherine credits Greg's amazing recovery to his inner strength and determination. "Greg's family didn't know whether he was going to live or not. For Greg to come as far as he has after such a devastating injury, it was inside him."

Our mission challenges us to "reduce the impact of workplace illness and injury." If all stakeholders are focused and committed to a return to work plan that gets an injured worker back to work, then everybody wins! That is why we're maintaining a strong focus on return to work. We believe we can achieve our goal through effective and active case management, employer-supported disability management programs, and through education, training and incentives.

Planning for a **return to work**

Sometimes it is not easy to imagine going back to work after being injured. However, returning to work as soon as possible helps make recovery more rapid and complete. When a workplace injury occurs, our case managers work collaboratively with the worker, their employer, and their doctor to map out a return to work plan. This plan, called a "case plan," has the following five steps:

Steps in a case plan



Did you know?

The Journal of Workers' Compensation reports that if an injured employee is off the job for more than 12 weeks, the chance of that employee *ever* returning to work is cut in half. After one year, statistics show that figure drops to almost zero.

Jennifer Christian, "Reducing disability days: Healing more than the injury." *The Journal of Workers' Compensation*, Vol. 9, No. 2 (Winter 2000), p. 51.

In 2002, there were over 6,300 lost-time claims for injured workers where the worker was able to return to work on a modified work program, lessening the impact and costs to the worker and employer. There were also more than 14,000 claims where the worker did not miss any time on the job due to a modified work program.

For the case plan to be effective, it must focus on defining a return to work goal that reflects the type of injury and work options available. Since many injured workers are temporarily unable to do the work they did before their accident, their case manager seeks modified work options as part of the case plan. Modified work may mean different job duties, or doing less work, or working fewer hours than before the accident. Employers can also benefit from a faster return to work because it:

cuts costs (no lost-time claims mean lower premiums)

decreases a valuable employee's time away from work

reduces additional hiring or training costs

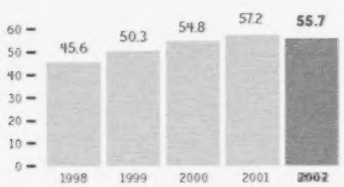
retains an experienced employee

strengthens employee relations by showing that an injury doesn't threaten job security

boosts employee morale

"An important benefit of case planning is a reduction in delays," says Caren Baroudy, a WCB case manager. "When an employer finds out that their employee can perform modified work in three weeks, they have that window to plan for meaningful modified duties. This time period also gives the injured worker time to prepare for their return to work. Consequently, there are no delays or surprises for anyone."

Average temporary disability days incurred per lost-time claim



Return to work comparative percentages table

	1998	1999	2000	2001	2002
Return to accident employer	81.2%	81.5%	82.2%	81.8%	**84.3%**
Return to other employment	4.8%	4.8%	5.0%	4.6%	**3.1%**
Total return to work	86.0%	86.3%	87.2%	86.4%	**87.4%**

If your organization does not have a modified work policy, see how easy it is to create a great workplace.

1. Put a policy in writing. Reflect your organization's commitment to finding modified work for injured employees.

- Ensure your employees know you will do everything possible to help them get back to work.
- Make the program flexible.
- Ensure the program is available to employees who have work and non-work related injuries.

2. Identify modified work in your company.

- Ask for ideas from employees about modified work opportunities.
- Ensure the modified work is meaningful, of value to the organization, and meets the employee's medical restrictions and physical limitations.
- Work together with other employers in your industry to come up with modified work plans. The reduced claim costs will lower your industry's premiums.
- Observe employee job tasks, note their physical demands, then determine how they could be changed to accommodate an injured employee. If you need help, we can arrange to have an occupational therapist complete this step for you.

3. Educate employees about modified practices.

- Ensure everyone in the organization understands your modified work philosophy.
- Educate management about the needs of injured workers who are returning to modified work.
- Teach employees the benefits of modified work programs.

4. Follow modified work policies and procedures.

- If your employee performs modified work to accommodate an injury, you must report it to WCB, even if there is no lost time or loss of earnings.
- Ensure all modified work offers are medically approved and documentation is provided to the WCB case manager.
- Work with us to develop an effective return-to-modified-work plan for your employee. Maintain regular contact with your employee, their doctor, and WCB.

Waitress Julie Dapula couldn't understand what was happening. She prayed to God to make it go away, but instead it got worse. Lying in bed late at night, the burning sensation in her hands was unbearable – it felt like a sharp, thick needle being pounded through her palms.

Jennifer Eriksson and Julie Dapula

Getting injured staff back on the job

THE DOCTOR CONFIRMED her worst fear. The carpal tunnel syndrome in both hands had gotten to the point where she could no longer lift heavy trays and pots of coffee at the restaurant where she worked. She faced several months at home.

After nearly two decades of serving up her own brand of sunshine along with fresh coffee and meals at the Coffee Emporium in Calgary's Delta Bow Valley Hotel, Julie filed a claim with WCB, stayed home, and began treatment to alleviate the pain in her hands.

In most cases, the story ends here.

Not at the Delta. The hotel chain's outstanding commitment to getting injured staff back to work and contributing as soon as they're physically able, sets the Delta apart.

Jennifer Eriksson, people resources director, says the key ingredient is the caring environment the hotel fosters, which generates incredible staff loyalty. At least 40 per cent of Bow Valley staff has worked there for more than ten years – no small feat in an industry with a transient workforce.

"We want to bring our staff back," Jennifer says. **"The sooner an injured worker gets back to work, the more successful their recovery will be.** Our (return to work) policy shows we care about our staff and it seriously impacts the bottom line, in terms of our claims rating."

Thanks to her manager at the Delta, Julie was back at work, doing light administrative duties within a few weeks. A few months later, she was back in the restaurant working four days instead of five, and loving it. The restaurant even created a new policy prohibiting servers from carrying more than one heavy pot at a time.

As for Julie, she can't imagine working anywhere else. "I like the job. I like the place, because we're a family."

Employers must ensure that any modified work is safe and controlled in accordance with a physician's guidelines.

Program integration focuses on return to work

OPTIMIZING REHABILITATION AT THE NEW MILLARD HEALTH

2002 was a historic year for WCB's world-class rehabilitation centre, Millard Health. After half a century, Millard staff bid farewell to the community of Belgravia and moved to their new state-of-the-art building on Airport Road in Edmonton. The new building's use of natural light combined with a very open, highly functional design was a welcome change. With just over 120,000 sq. ft., Millard Health has plenty of space and equipment for optimal rehabilitation.

2002 saw the integration of vocational rehabilitation assistance into the well-established occupational rehabilitation programs at Millard Health.

It was important to integrate this service into mainstream rehabilitation to provide greater focus for participants working towards a safe return to the workplace. This change allows Millard Health clinicians to help clients refocus on their work *ability*. A further benefit from this program integration is the seamless transition between support teams, who make sure the injured worker is supported throughout the program.

Millard's Head Trauma Program is one of the best in North America. The program, which has a multi-disciplinary team of professionals, was established two years ago with only five clients. In 2002, 42 clients successfully completed Millard's Head Trauma Program. Sixty-two percent returned to work and an additional 28 per cent were considered competitively employable. The team provides a wide range of rehabilitation services geared towards improving memory, concentration, balance, conditioning, and psychological challenges.

The clients are Albertans from all walks of life. To date, the youngest has been 19 and the oldest 72.

Millard Health's Head Trauma Team

Did you know?

Some of the most common head trauma injuries are due to:

- falls/slips (buildings, roofs, ladders)
- motor vehicle accidents
- objects striking people

In 2002, over 8,000 injured workers participated in Millard Health's rehabilitation services, to help them get back to work.

He could no longer smell the food he ate, let alone taste it. "At least I can't taste my own cooking," John Sumner jokes. He also hears less noise buzzing all around him, since he's now deaf in one ear.

Electrician John Sumner

On the job again

SITTING IN A BUSY NOODLE HOUSE during the noon-hour rush, John looks like anyone else slurping vermicelli out of an oversized bowl. The electrician lost a lot the day he touched a live wire in the ceiling he was working on. John fell six feet off a ladder and smashed the back of his skull against the concrete floor.

John's brain was dealt such a blow that cold day in November 2001 that he will never fully recover. "I goofed up. I ended up on the floor on my head," he says. The day the doctor announced he had "some pretty serious brain damage," no one knew if he'd ever come back. "At that point, my partner didn't know whether I was going to make it," he says grimly.

Yet John considers himself lucky, because he doesn't remember "a damn thing. I've met people who remember and are haunted by their accidents."

Thousands of people suffer brain injuries on the job every year. But unlike thousands of people who plunge into despair and depression, John's focus has always been on the positives. The biggest one being that he's alive. **"My attitude is yes, it was a really terrible accident – let's get on with the show."** And that's exactly what the father of three did. With help from his family, his partner Catrin, and WCB, John slowly took his life back. But it wasn't easy.

In the beginning, his memory loss was so severe he couldn't remember a paragraph he'd just read in a magazine, or phone numbers he'd known all his life. He struggled with dizziness and headaches, trouble balancing, and fatigue. "I was like a computer that lost its hard drive," he recalls.

Well, the computer is up and running again. The trick, he says, was to show up every day for rehabilitation and do the work. He treated his rehabilitation program like a full-time job. **"Your success is up to you. If you don't haul the freight, there's nothing the best people in the world can do to push you there."**

The road to recovery has been long and hard, but John never gave up. "He was a dream client. He inspired us all by showing us what can be achieved when you have the right attitude," says Karen Whitham, the rehabilitation specialist who worked with John.

Today, you'll find John at the front of the class – teaching first year apprentices in the electrical program at the Northern Alberta Institute of Technology in Edmonton.

For years, John had dreamed of teaching. And now an injury allowed him to literally fall into a new and exciting career!

"I made the best of a really bad situation."

We want to be recognized as an organization that is fair. Every day, our work requires us to make difficult decisions that affect people. Our stakeholders rely on our commitment to fairness when we make those decisions and we must deliver on that promise. We will achieve it through clear decisions, consistent interpretation of policy, and by keeping customers informed about the decision-making process. Fairness is excellent customer service, which is important to everyone at WCB.

Clarity and consistency

Ensuring stakeholders feel our decisions are fair

In 2002, we continued our efforts to connect with Alberta employers by ensuring they understood our decision-making process. After speaking with 400 employers, we found two factors significantly affect how they feel about the fairness of our decisions.

1. Objective claim reviews

Employers want to know that their input, and input from their workers, is considered objectively and every effort is made to use all relevant information for decision making.

2. Claims management

Employers want to know that claims are administered in a consistent manner and that we're proactive in providing them with information.

Our managers shared these survey results with staff, and all agreed about the importance of ensuring pertinent details go to the stakeholders *before* they ask.

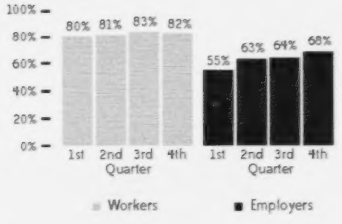
"Our letters must communicate decisions in a very clear, easy-to-understand format," says Doug Sackney, manager, WCB Customer Service. "This means outlining the factors reviewed including medical history and worker and employer Reports of Injury, and showing how those factors influenced our decision."

One way to know we administer claims consistently is to make sure our decisions are always grounded in the policies that help us administer the *Workers' Compensation Act*. "We actually show the worker and the employer the policies behind the decisions so they understand the rationale behind our decisions," says Sackney.

As a result, employers are becoming increasingly satisfied that we're being fair – up 13 per cent from first to fourth quarter in 2002.

Members of the Claims Resolution Team work together to assist other case management teams.

Customer satisfaction – fairness



Did you know?

During the Early Resolution Initiative pilot, 93 per cent of issues were finalized within 60 days, whereas under the previous model (CSRC) it took three times as long to reach the same resolution rate (93 per cent in 180 days).

ON-LINE POLICY PROCESS

WCB launched an on-line policy consultation process in April 2002. Stakeholders and the general public now have an opportunity to provide us with comments and feedback during the policy development process. Initially, the time period to provide input was 30 days; however, in response to feedback from stakeholders, we now post policy concept summaries and draft policies for 60 days.

On average, the policy webpage receives over 1,000 hits each month. Since its launch, nine policy concepts and seven draft policies have been posted for input.

Erik Soderstrom, senior manager and chair, Decision Review Body

Resolving claims together

A less formal claim resolution process was implemented in 2002

In 2001, the *Appeals System Review Report* recommended WCB eliminate the Claims Services Review Committee (CSRC) and Assessment Review Committee (ARC) and replace it with a less formal and faster resolution process. The idea was supported and accepted by government and WCB stakeholders, and the *Workers' Compensation Act* was subsequently amended (Bill 26, 2002).

The new process encourages the worker, employer, and WCB to solve problems together. First piloted under the name "Early Resolution Initiative," the new "Decision Review Body" has a primary focus on issue resolution. Three key measures of its success will be a timelier process, fewer future review requests, and improved review outcomes.

New process a rewarding experience

"The move towards a collaborative approach to resolving appeal issues has been extremely constructive, yielding great results in customer service.

Pieter Lambooy, manager, Customer Service

The process does not necessarily mean we solve all our problems and resolve all appeal issues, but it gets tough issues and decisions on the table where we can discuss and understand them. That helps us decide with all the information possible. If we've made a mistake, this is our chance to make it right.

It's also an opportunity to ensure our customers have a very clear understanding about why we make the decisions we do.

Overall, the experience has been very rewarding. Every claimant I have worked with has been satisfied with the process, even if we don't agree. They now understand what they were contesting, how we arrived at our answers, and where the process was headed. We may not resolve all issues, but in many cases we resolve the anxiety that many carry into the process. That's rewarding!"

Summary of claims administered		2002		2001
Active claims as of January 1		**29,263**		39,192
New lost-time claims	39,561		39,139	
New medical aid only claims	114,913		106,777	
Total new claims reported	154,474		145,916	
Recurrent claims[1]	33,388		19,863	
	187,862	187,862	165,779	165,779
Total claims administered		217,125		204,971

Non-eligible claims	2002	2001
Lost time claims		
Insufficient information available to process claim	87	65
Not covered under *Workers' Compensation Act*	149	108
Injury or illness not arising out of/in the course of employment	858	701
Medical aid only claims		
Insufficient information available to process claim	2,390	2,475
Not covered under *Workers' Compensation Act*	867	789
Injury or illness not arising out of/in the course of employment	2,083	1,667

[1] Previously inactive claims that required further adjudication or case management. Claims may reopen for a number of reasons such as payments for medical aid or requests for further compensation benefits.

Note: These figures have been restated from those used in previous reports. The current method is considered to more accurately depict the claims administered.

Did you know?

The number of people using the on-line Direct Employer Clearance Certificates (DECC) system increased from 790 to 1849 in 2002. Over 75 per cent of our clearances were issued electronically by DECC in the second half of 2002. This worked out to over 46,000 self-service clearance certificates per month. Without DECC, these certificates would have had to be prepared manually by WCB staff.

882,016 calls were received by our Customer Contact Centre in 2002.

PROVIDING CALLERS WITH MORE OPTIONS

To improve call response times, WCB tested phone-system enhancements by adding:

- **a self-service payment** option for employers with a WCB account.
- **the ability for callers to** process clearances using a touch-tone phone.

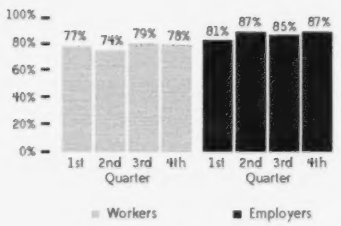
Tina Kuczkowski, Customer Contact Centre team leader

Making more **Customer Contact**

Renaming our call centre the Customer Contact Centre (CCC) reminds us that every call we receive is a chance to make a positive connection with our customers.

One way to be better is to reduce the amount of time our customers wait before their call is answered. "In 2002, our goal was to make callers wait less than 60 seconds, on average, before getting a live person," says Tina Kuczkowski, team leader in the CCC. "And we succeeded!" The average call was answered in 56 seconds – a 63 per cent improvement over 2001.

Customer satisfaction – overall



Glenn Jurr, Customer Contact Centre representative

"I thought I would relay a good news story about a phone call I just had. I called in and spoke with a fellow named Glenn Jurr. He was extremely helpful and pleasant. He answered all my questions and knew his stuff. He told me that in one hour he would have a letter of clearance on my desk, and he did. I just wanted to let you know that the experience was informative, quick, and totally painless."

Kevin Menshik
Director
Mediactive Inc.

Words of **appreciation**

"I just wanted to express my appreciation for the assistance I received from customer contact representative Joene Reynolds. We first contacted Ms. Reynolds for information and help in determining our needs, the options available, and the process we should follow. I was extremely impressed with her from the start – she was able to understand our situation, clarify our needs, and outline our options. She did this in a most personable manner, while maintaining a professional demeanor. When we finished our final conversation, Ms. Reynolds provided us with a file number that we could reference – a minor thing, but such consideration is a pleasure, from my perspective."

Larry Murray
Senior Policy Advisor
Public Service Pension Board

Did you know?

FEATURES OF THE NEW PANEL PROCESS

The College of Physicians and Surgeons now provides the panel office with a list of eligible physicians. Previously, WCB prepared the case eligibility lists.

Now the worker and employer each select one physician on the eligibility list.

The chair of the panel is chosen by panel members.

There is now greater access to panels. A treating physician can prompt a medical panel if he or she provides WCB with a written statement concerning a claim.

Medical panel findings are binding on both the WCB and the Appeals Commission.

Dr. Larry Ohlhauser, Medical Panel Commissioner

New medical panel process adopted in 2002

In our continuing commitment to fairness and transparency, we implemented our current medical panel process in mid-2002.

Dr. Larry Ohlhauser, the former registrar of the College of Physicians and Surgeons, is now the independent Medical Panel Commissioner who oversees the medical panel process. Medical panels are created to resolve differences in medical opinions or to sort out complex medical issues on specific claims. Each panel is made up of three independent, impartial physicians and handles only one claim.

2003 premium rates

reflect the full cost of claims

2002 was the first year employers were provided with preliminary premium rate estimates in August, to help with their 2003 planning. Although the final rates were announced Oct. 30, 2002, many employers expressed their appreciation for WCB's willingness to share information that helped their business planning.

2003 premium rates reflect the full cost of claims and the elimination of discounts from investment returns. Even with these changes, Alberta's rates are lower than all but one province in Canada.

The average cost per claim has risen from $8,700 in 1997 to a forecast of $14,900 for 2003 – an increase of 71 per cent. This is largely due to the increased cost of services and benefits – increased health care related costs and a better-paid workforce. With the downturn in the investment markets reducing our investment gains, the decision was made to no longer use them to offset premium rates.

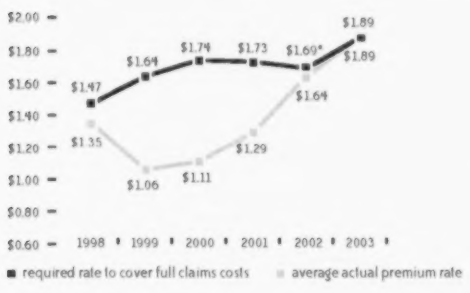
"Discounting premium rates with financial gains has led to premium rates that don't accurately reflect an industry's claims experience," states Dieter Brunsch, Vice President, Customer Service and Risk Management. "2003 will mark the first time in five years that premiums fully reflect the costs of claims."

Did you know?

AGM RECEIVES POSITIVE REVIEWS

On May 30, 2002, WCB held its first public annual general meeting at Northlands Agricom in Edmonton. Injured workers, employers, safety association and labour representatives, health care providers and elected government officials were among those who attended. The one-hour meeting was also broadcast live over the Internet so stakeholders from across the province could participate. Webcast viewers submitted questions electronically and had many of them addressed during the meeting. The AGM audience both in-person and via the webcast totalled nearly 1,700 Albertans. Respondents to the AGM survey gave it positive ratings and confirmed the AGM process makes WCB more open and accountable.

Average premium rate



*$1.68 was the rate originally forecast, October 31, 2001.

Investment revenue*

*in millions

WCB-Alberta
2002 financial statements

Management commentary on the financial statements for 2002

Results of Operations

The overall result is an operating deficit of $59.4 million[1] brought about primarily by lower than expected premium and investment revenue.

The Occupational Disease Reserve decreased by $4.7 million consistent with the Funding Policy. The Fund Balance at December 31, 2002 is $167.2 million.

The average actual premium rate collected was slightly below the average premium rate required to meet the cost of current year injuries[2].

Investment Activities

Investments held to meet future benefit obligations for past injuries decreased to $3,807.2 million, a reduction of 2.8%. The capital market in 2002 was quite weak resulting in a market return of negative 2.5% for 2002 compared to 0.0% for the previous year.

Claim Benefit Liabilities

Estimated claim benefit liabilities of the corporation increased to $3,519.3 million, an increase of 0.8%. Note 9 to the financial statements provides a reconciliation of the changes to the claim benefit liabilities. There were no material changes in 2002 to the actuarial assumptions or methodology other than as identified in the Actuarial Certificate and Note 9.

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[1] The operating deficit of $59.4 million can be attributed to the following:

Net investment revenue loss over liability requirements and investment revenue on the fund balance and reserves	$ (29.9 million)
Shortfall in premium revenue as a result of actual premium rate ($1.64) being lower than the required premium rate ($1.69) on $40.9 billion in insurable earnings	(17.7 million)
Actuarial adjustments	(12.0 million)
Other items	0.2 million
Total	$ (59.4 million)

[2] Average actual compared to average required premium rates

Per $100 Insurable Earnings

Year	Average Actual Premium Rate	Average Rate Required for Full Funding	Difference
2002	**1.64**	**1.69**	**(0.05)**
2001	1.29	1.73	(0.44)
2000	1.11	1.74	(0.63)
1999	1.06	1.64	(0.58)
1998	1.35	1.47	(0.12)
Average	1.29	1.65	(0.36)

Responsibility for financial reporting

The financial statements of the Workers' Compensation Board were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded.

The WCB's actuarial staff performs an annual actuarial valuation of the claim benefit liabilities included in the financial statements of the WCB.

The Board of Directors is responsible for overseeing management in the performance of financial reporting responsibilities and has approved the financial statements included in the Annual Report.

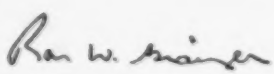
The Board of Directors is assisted in its responsibilities by its Audit Committee. This committee reviews and recommends approval of the financial statements; and meets periodically with management, external auditors, and actuaries concerning internal controls and all other matters relating to financial reporting.

Watson Wyatt has been appointed as the independent consulting actuary to the WCB. Their role is to complete an independent review of the annual actuarial valuation of the claim benefit liabilities included in the financial statements of the WCB and to report thereon in accordance with generally accepted actuarial principles.

The Office of the Auditor General, the independent auditor of the WCB, has performed an audit of the financial statements of the WCB in accordance with Canadian generally accepted auditing standards. The Auditor's Report outlines the scope of this independent audit and the opinion expressed.

Rick LeLacheur
Chair
Board of Directors

Guy R. Kerr
President and
Chief Executive Officer



Ron W. Grainger
Chief Financial Officer

Actuary's report to the Board of Directors of the Workers' Compensation Board-Alberta

We have made an independent review of the actuarial valuation of the liabilities for future benefits payable under the *Workers' Compensation Act - Alberta* as at December 31, 2002 in respect of accidents which have occurred up to that date, in the context of professional practices, best estimates and levels of materiality.

The Board's actuarial staff are responsible for the actuarial assumptions and methods adopted for purposes of this valuation, the preparation of all data used in the valuation, reconciliation of the valuation data to the financial statements and the actuarial valuation report. The actuarial assumptions and methods used are based on the Board's best estimates and take into account current benefits, expenditures and practices, and assume that the Board is a continuing entity underwriting all occupational injuries and diseases in the covered workforce in Alberta. The Board actuary has provided his opinion that the data is sufficient and reliable for the purposes of this valuation, the actuarial assumptions are appropriate and the methods are consistent with sound actuarial principles, and that the valuation report has been prepared and his opinions are in accordance with accepted actuarial practice.

A summary of the net discount rates used in the actuarial valuation is referred to in the notes to the financial statements.

The actuarial valuation of these liabilities in the amount of $3,519,300,000 represents the actuarial present value at December 31, 2002 of all future short term disability benefits, long term disability benefits, survivor benefits, health care payments and rehabilitation payments and expenses of administration which are expected to be made in future years and which relate to claims occurring on or before December 31, 2002. The actuarial valuation does not include benefits or payments that are on a self-insured basis.

The valuation was based on the *Workers' Compensation Act* in effect as of December 31, 2002 as administered by the Board, and on the current practices and administration procedures of the Workers' Compensation Board and historical claims experience.

There were several material changes in the assumptions and methods used since the last valuation, which are described in the actuarial report, and the results are summarized in Note 9 of the financial statements.

Other changes made in respect of disability benefits for accidents after 1994 were based on an analysis of the experience, completed in 2002. There was a gain in 2002 as a result of commutations of certain existing permanent disability pensions on pre-1995 injuries. No allowance has been made for possible liabilities arising from the two Review Committees initiated by the Minister, Alberta Human Resources and Employment, which are referred to in the financial statements.

In our opinion, for the purpose of the valuation, the actuarial assumptions are appropriate and the methods employed are consistent with sound actuarial principles. The valuation report has been prepared, and our opinions have been given in accordance with accepted actuarial practice.

WATSON WYATT & COMPANY

L N. Taylor

Leslie N. Taylor, F.I.A., F.C.I.A.
Fellow, Canadian Institute of Actuaries

Nancy A. Yake

Nancy A. Yake, F.S.A., F.C.I.A.
Fellow, Canadian Institute of Actuaries

Auditor's report to the Board of Directors of the Workers' Compensation Board-Alberta

I have audited the balance sheet of the Workers' Compensation Board-Alberta as at December 31, 2002 and the statement of operations, statements of reserve and fund balance and statement of cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2002 and the results of its operations, movements in reserve and fund balance, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
March 19, 2003

The official version on this Report of the Auditor General, and the information the Report covers, is in printed form.

The Workers' Compensation Board-Alberta
Balance sheet as at December 31, 2002

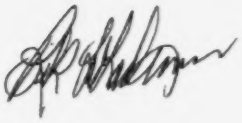
(thousands of dollars)

	2002	2001
ASSETS		
Cash	$ 153,541	$ 191,210
Receivables (Note 3)	59,972	49,488
Investments (Note 4)	3,807,164	3,918,459
Property, plant and equipment (Note 6)	64,127	63,993
	$ 4,084,804	$ 4,223,150
LIABILITIES		
Payables and accruals (Note 7)	$ 72,813	$ 60,072
Deferred revenue (Note 8)	103,698	221,951
Claim benefit liabilities (Note 9)	3,519,300	3,492,700
	3,695,811	3,774,723
RESERVES AND FUND BALANCE		
Occupational disease reserve	221,800	226,500
Fund balance	167,193	221,927
	$ 4,084,804	$ 4,223,150

Commitments (Note 18)

The accompanying notes and schedules are an integral part of these financial statements.

Approved by the Board of Directors:



Rick LeLacheur
Chair
Board of Directors

Guy R. Kerr
President and
Chief Executive Officer

The Workers' Compensation Board-Alberta
Statement of operations
for the year ended December 31, 2002

(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
REVENUE			
Premiums	$ 704,500	$ 680,360	$ 508,640
Investment (Note 11)	260,000	197,539	330,382
Other (Note 12)	5,500	3,250	839
	970,000	881,149	839,861
EXPENDITURE			
Claim costs (Note 9)	848,400	862,584	916,123
Administration (Note 14)	64,000	60,687	57,785
Injury reduction (Note 16)	11,300	11,684	10,699
Appeals Commission (Note 17)	6,300	5,628	5,065
	930,000	940,583	989,672
OPERATING SURPLUS (DEFICIT)	$ 40,000	$ (59,434)	$ (149,811)

The accompanying notes and schedules are an integral part of these financial statements.

The Workers' Compensation Board-Alberta
Statements of reserve and fund balance
for the year ended December 31, 2002

(thousands of dollars)

	2002	2001
OCCUPATIONAL DISEASE RESERVE		
Balance at beginning of year	**$ 226,500**	$ 221,500
Transfer from (to) Fund Balance	**(4,700)**	5,000
BALANCE AT END OF YEAR	**$ 221,800**	$ 226,500
FUND BALANCE		
Balance at beginning of year	**$ 221,927**	$ 376,738
Operating (Deficit)	**(59,434)**	(149,811)
Transfer from (to) Reserve, net	**4,700**	(5,000)
BALANCE AT END OF YEAR	**$ 167,193**	$ 221,927

The accompanying notes and schedules are an integral part of these financial statements.

The Workers' Compensation Board-Alberta
Statement of cash flows
for the year ended December 31, 2002

(thousands of dollars)

	2002 Budget	2002 Actual	2001 Actual
CASH FLOW FROM (USED FOR) OPERATING ACTIVITIES			
Cash received from:			
Employers	$ 710,500	$ 686,587	$ 510,590
Dividends and interest	98,600	129,909	144,662
Other income	7,500	1,954	4,062
	816,600	818,450	659,314
Cash paid to:			
Claimants, or third parties on claimants' behalf	711,400	755,647	570,839
Employees and suppliers, for administrative and other goods and services	139,800	137,579	128,433
Injury reduction	11,300	10,110	10,956
	862,500	903,336	710,228
Net cash used for operating activities	(45,900)	(84,886)	(50,914)
CASH FLOW FROM (USED FOR) INVESTING ACTIVITIES			
Cash received from:			
Sale and maturity of investments	500,000	476,827	645,307
Cash paid for:			
Purchase of investments	499,100	416,155	455,984
Purchase of property, plant and equipment, net	15,000	13,455	27,622
	514,100	429,610	483,606
Net cash provided from (used for) investing activities	(14,100)	47,217	161,701
NET INCREASE (DECREASE) IN CASH	(60,000)	(37,669)	110,787
Cash at beginning of year	150,000	191,210	80,423
CASH AT END OF YEAR	$ 90,000	$ 153,541	$ 191,210

The accompanying notes and schedules are an integral part of these financial statements.

The Workers' Compensation Board-Alberta
Notes to the financial statements
December 31, 2002

(thousands of dollars)

1. GENERAL

Legislative Authority

The Workers' Compensation Board (WCB) operates under the authority of the *Workers' Compensation Act, Revised Statutes of Alberta 2000,* Chapter W-15.

Vision and Mission

The vision of the WCB is "Albertans working – a safe, healthy and strong Alberta."

The mission of the WCB is "The WCB-Alberta, working together with our partners, will significantly and measurably reduce the impact of workplace illness and injury on Albertans."

Funding Policy

Consistent with Section 91 of the *Workers' Compensation Act,* the Board of Directors established a funding policy to ensure for the benefit of its stakeholders the WCB remains financially stable and secure into the future. An Occupational Disease Reserve was created to provide for the costs that may arise from latent occupational diseases where a causal link to the workplace has not yet been established but may be established in the future. The funding policy also stipulates a Fund Balance to recognize the degree of uncertainty in the business of workers' compensation.

Claim Benefit Liabilities

Claim benefit liabilities are independently reviewed by an external actuary as at December 31, 2002 and represent the actuarial present value of all future benefit payments expected to be made for claims which have occurred in respect of current and prior years' injuries.

These benefits are expressed in constant dollars discounted at 4.0% per annum, being the difference between expected investment earnings and expected increases in benefit payments, except for non-wage related temporary disability payments which are discounted at 3.5%, rehabilitation and claim administration costs which are discounted at 2.5%. Health care costs are ultimately discounted at 0.5% to reflect expected higher increases in health care costs and utilization.

The claim benefit liabilities include provision for all benefits provided by current legislation, policies and administrative practices. No provision has been made for claims related to known latent occupational diseases where the claim has not yet been reported and the year of disablement would be in a subsequent period.

The actuarial liabilities of the WCB are of a long-term nature and therefore the actuarial assumptions and methods used to calculate the reported actuarial liabilities at December 31, 2002 are based on considerations of future expenditures over the long term. It is reasonably possible that changes in future conditions within one year of the financial statement date could require a change in the recognized amounts.

2. SIGNIFICANT ACCOUNTING POLICIES

General
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Cash
Cash and cash equivalents are funds consisting of cash and money market instruments with maturities up to three months.

Cash and short-term investments held in the investment portfolio for trading purposes are excluded from cash and cash equivalents reported on the balance sheet.

Investments
Fixed-term investments are stated at amortized cost. Gains and losses realized on disposal of fixed-term investments are deferred and amortized to income on the straight-line basis over a period that approximates the average remaining term to maturity of the fixed-term investments sold. Equity and real estate investments are stated at moving average market value. Gains and losses realized on disposal of equity and real estate investments together with unrealized gains and losses occurring during the year, are deferred and amortized to income on the straight-line basis over five years.

Derivative Financial Instruments
Derivative financial instruments are financial contracts whose price is dependent on the price of one or more underlying securities, reference rates or indices. Derivative financial instruments include interest rate swaps, equity and bond index swaps, forward foreign exchange contracts, and cross-currency interest rate swaps. The notional amounts of derivative contracts are not recognized in the financial statements. The value of the derivative contracts is included in the fair value of the equity and fixed-term investments.

Interest rate swaps are transactions in which two parties exchange interest rates on a specified notional amount for a predetermined period. Interest income is recognized in the year.

Equity and bond index swaps are agreements to exchange cash flows based on the return of a specified equity or bond index. Equity index income is recognized as a realized gain or loss and is deferred and amortized to income on the straight-line basis over five years. Bond index income is recognized in the year.

Forward foreign exchange contracts represent commitments to exchange two currencies at a specified future date based on a rate agreed to by both parties at the inception of the contract. Foreign exchange gains and losses related to investments transactions are deferred and amortized to income on the straight-line basis over five years.

Cross-currency interest rate swaps exchange fixed for floating interest rates, or one fixed currency for another fixed currency interest rate, and exchange the foreign currency for Canadian currency. Income is recognized in the year.

Fair Value
The carrying value of cash, receivables and payables and accruals approximate their fair value due to the relatively short periods to maturity of the instruments. The fair value of publicly traded investments is based on quoted market prices. The fair value of privately held fixed-term investments is based on the net present value of future cash flows which are discounted using Government of Canada bond rates adjusted for a risk premium estimated by external fund managers. The fair value of real estate is based on independent appraisals net of any liabilities against the real properties.

The fair value of derivative financial instruments is based on the estimated amounts receivable or payable from the derivative financial instruments at the reporting date and is determined by the following methods:

a) Interest rate swaps are valued based on discounted cash flows using current market yields.
b) Forward foreign exchange contracts are valued based on quoted market prices.
c) Equity and bond index swaps are valued based on changes in the relevant market indices net of accrued floating rate interest.
d) The value of cross-currency interest rate swaps is included with the value of the underlying security. Cross-currency fixed-to-fixed interest rate swaps are valued at quoted market prices based on discounting future cash flows using current market yields. Cross-currency fixed-to-floating interest rate swaps are valued at the principal amounts plus accrued interest.

Foreign Currency Translation

Assets and liabilities denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Foreign currency transactions are translated into Canadian dollars using the average rate of exchange. Foreign currency gains and losses related to investment transactions are deferred and amortized to income on the straight-line basis over five years.

Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the WCB's management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods presented. Actual results could differ from the estimates made by management and these differences could be significant. Claim benefit liabilities, reserve for occupational disease and accrued premiums are the most significant items which reflect estimates in these financial statements.

Property, Plant and Equipment

Property, plant and equipment are reported at cost and are amortized over their estimated useful lives. Amortization is provided using the following methods and annual rates:

Buildings	2.5% straight-line
Equipment - computer	35% declining balance
- furniture and other	15% declining balance
- vehicles	20% straight-line
Computer software	20% straight-line

3. RECEIVABLES (thousands of dollars)

	2002	2001
Premiums	$ 37,124	$ 22,227
Accrued Premiums	18,190	23,219
Other	4,658	4,042
	$ 59,972	$ 49,488

4. INVESTMENTS (thousands of dollars)

	2002		2001	
	Book Value	Fair Value	Book Value	Fair Value
Cash	$ 12,160	$ 12,217	$ 18,714	$ 18,892
Fixed Term:				
Short Term	36,490	37,590	47,420	49,236
Long Term	1,431,687	1,526,270	1,490,481	1,543,944
	1,468,177	1,563,860	1,537,901	1,593,180
Real Estate	126,223	129,820	124,607	129,811
Equities:				
Domestic	762,866	727,999	821,640	834,289
Foreign	1,437,738	1,216,364	1,415,597	1,372,386
	2,200,604	1,944,363	2,237,237	2,206,675
	$ 3,807,164	$ 3,650,260	$ 3,918,459	$ 3,948,558

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES (thousands of dollars)

Derivative Financial Instruments

	2002		2001	
	Notional Principal	Fair Value	Notional Principal	Fair Value
Interest rate swaps	$ 67,002	$ (3,119)	$ 57,036	$ (2,773)
Forward foreign exchange contracts	65,159	6	77,490	156
Equity index swaps	129,426	1,712	143,426	8,340
Bond index swaps	23,226	201	36,947	18
	284,813	(1,200)	314,899	5,741
Par value of cross-currency interest rate swaps	90,085	-	149,498	-
	$ 374,898	$ (1,200)	$ 464,397	$ 5,741

As at December 31, 2002, the market value of the cross-currency interest rate swaps and the underlying bonds is $89,913 ($150,688 in 2001).

	Remaining Term to Maturity					
Notional Principal	Within 1 Year	Over 1 To 3 Years	Over 3 To 5 Years	Over 5 Years	Total 2002	Total 2001
Interest rate swaps	$ 31,129	$ 34,983	$ 890	$ -	$ 67,002	$ 57,036
Forward foreign exchange contracts	65,159	-	-	-	65,159	77,490
Equity index swaps	112,415	17,011	-	-	129,426	143,426
Bond index swaps	23,226	-	-	-	23,226	36,947
Cross-currency interest rate swaps	13,395	11,920	19,794	44,976	90,085	149,498
	$ 245,324	$ 63,914	$ 20,684	$ 44,976	$ 374,898	$ 464,397

Notional principal amounts in swaps and foreign exchange contracts are the contractual amounts on which payments are made. They are not indicative of the credit exposure with derivative products. If the counterparty to the derivative fails to discharge their obligation, then the fair value is the credit exposure of the WCB.

Credit Risk Management

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument fails to perform. Counterparties for derivative contracts will have at least an AA credit rating. The issuer for fixed-term investments will have at least a BBB credit rating. Specific rules have been established to ensure the credit rating of a counterparty does not fall below a threshold deemed acceptable by the WCB. The WCB does not anticipate that any counterparties will fail to meet their obligations.

The WCB invests in publicly and privately traded shares and bonds available on domestic and foreign exchanges. These shares and bonds are affected by market changes and fluctuations. The WCB does not use derivative financial instruments to alter the effects of these market changes and fluctuations.

The WCB may lend any of its investments to third parties provided the loans are secured by cash or readily marketable securities having a fair value of 105% of the loan. As of December 31, 2002 secured loans amounted to $163,635 ($333,481 in 2001).

Foreign Exchange Risk Management

The WCB has certain obligations and investments denominated in foreign currencies. The WCB does not undertake long-term hedging strategies for the currency risk of foreign investments. The WCB undertakes long-term investment strategies; however, currency fluctuations may affect short-term returns. These fluctuations are not expected to affect the long-term position of the investment portfolio. As of December 31, 2002 forward foreign exchange contracts amounted to $65,159 ($77,490 in 2001).

Interest Risk Management

Fluctuations in interest rates are managed by actively managing the duration of the fixed-term portfolio. The WCB also enters into various types of interest rate contracts in managing interest rate risk. The table below represents the remaining term to maturity of the WCB's outstanding fixed-term investments.

	Remaining Term to Maturity				
Fair Value	**Within 1 Year**	**Over 1 Year To 5 Years**	**Over 5 Years**	**Total 2002**	Total 2001
Fixed-Term Investments	**$ 37,590**	**$ 432,958**	**$ 1,093,312**	**$ 1,563,860**	$ 1,593,180

The fixed-term investments include bonds, debentures, and other interest bearing instruments. The average effective yield of these fixed-term investments, excluding the investment in real return bonds, is 4.95% (5.33% in 2001) per annum based on fair value.

6. PROPERTY, PLANT AND EQUIPMENT (thousands of dollars)

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,092	$ 0	$ 1,092	$ 1,119
Buildings	37,529	(11,126)	26,403	24,470
Equipment	7,894	(5,738)	2,156	3,453
Computer software	89,377	(54,901)	34,476	34,951
	$ 135,892	$ (71,765)	$ 64,127	$ 63,993

The net carrying amount of property, plant and equipment not being amortized, because it is under construction or development is $9,596.

7. PAYABLES AND ACCRUALS (thousands of dollars)

	2002	2001
Accrued staff benefits	$ 17,626	$ 16,221
Partners in Injury Reduction	40,842	24,747
Other	14,345	19,104
	$ 72,813	$ 60,072

8. DEFERRED REVENUE (thousands of dollars)

	Deferred Realized Gains (Losses)			
	2002			2001
	Fixed-Term	Equities	Total	Total
2002	$ 0	$ 0	$ 0	$ 103,335
2003	17,971	32,653	50,624	58,538
2004	17,997	(8,687)	9,310	17,534
2005	17,086	(17,799)	(713)	5,351
2006	13,985	(4,427)	9,558	12,033
2007-2011	34,919	-	34,919	25,160
	$ 101,958	$ 1,740	$ 103,698	$ 221,951

9. CLAIM BENEFIT LIABILITIES (thousands of dollars)

	2002							2001
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilita-tion	Claim Admin.	Total	Total
Balance at beginning of year	$ 547,800	$ 1,507,800	$ 434,800	$ 713,000	$ 132,600	$ 156,700	$ 3,492,700	$ 3,226,400
Add:								
Claim costs incurred:								
Current year injuries	200,954	123,122	18,796	173,371	34,029	62,460	612,732	591,656
Prior years' injuries	95,045	111,186	16,179	30,579	2	(3,139)	249,852	324,467
	295,999	234,308	34,975	203,950	34,031	59,321	862,584	916,123
	843,799	1,742,108	469,775	916,950	166,631	216,021	4,355,284	4,142,523
Deduct:								
Claim payments made:								
Current year injuries	78,854	805	886	57,971	2,029	15,560	156,105	148,352
Prior years' injuries	148,645	308,503	37,689	107,179	32,402	45,461	679,879	501,471
	227,499	309,308	38,575	165,150	34,431	61,021	835,984	649,823
Balance at end of year	$ 616,300	$ 1,432,800	$ 431,200	$ 751,800	$ 132,200	$ 155,000	$ 3,519,300	$ 3,492,700

The following is a reconciliation of the claim benefit liabilities:

	2002	2001
Balance at beginning of year	$ 3,492,700	$ 3,226,400
Add:		
Provision for current year injuries	456,627	443,304
Interest allocated	227,500	210,900
Claim cost experience higher than expected	80,185	174,818
Revision to actuarial methodology	10,200	(29,400)
	4,267,212	4,026,022
Deduct:		
Payments, for prior years' injuries, excluding self-insured employers	669,512	493,722
Procedure change re: pension commutation	48,300	13,200
Difference between actual and expected long term cost of living adjustments	30,100	26,400
	747,912	533,322
Balance at end of year	$ 3,519,300	$ 3,492,700

10. PROVINCIAL PENSION PLANS (thousands of dollars)

The WCB participates in multi-employer pension plans: Management Employees Pension Plan and Public Service Pension Plan. The expense for these pension plans is equivalent to the annual contributions of $4,061 for the year ended December 31, 2002 ($3,891 in 2001).

11. INVESTMENT REVENUE (thousands of dollars)

	2002	2001
Dividends and interest		
Fixed-term	$ 100,792	$ 107,423
Equity	23,190	31,427
Real estate	6,844	6,731
	130,826	145,581
Add:		
Amortized realized gains–equities	77,124	127,584
Amortized realized gains–fixed-term	20,456	19,048
Amortized unrealized gains/(losses)–equities	(29,950)	39,088
	67,630	185,720
	198,456	331,301
Deduct:		
Investment related administration expenditures	917	919
	$ 197,539	$ 330,382

12. OTHER REVENUE (thousands of dollars)

	2002	2001
Millard Health Building/Land Disposal	$ 2,852	$ 0
Other	334	60
Millard Health (Note 13)	64	779
	$ 3,250	$ 839

13. MILLARD HEALTH (thousands of dollars)

	2002	2001
Revenue		
Charged to health care claim costs	$ 19,316	$ 17,359
Non-WCB treatment services	1,620	1,973
	$ 20,936	$ 19,332
Expenditures		
Salaries and employee benefits	14,991	13,164
Office and communications	2,485	2,477
Consulting fees	1,468	1,461
Building operations	1,046	903
Amortization of property, plant and equipment	560	94
Travel and vehicle operation	322	454
	20,872	18,553
Operating Surplus	$ 64	$ 779

14. ADMINISTRATION EXPENDITURES (thousands of dollars)

	Customer Services	Corporate Services	2002	2001
Salaries and employee benefits (Schedule A)	$ 63,983	$ 18,375	$ 82,358	$ 81,995
Office and communications	20,498	782	21,280	21,327
Amortization of property, plant and equipment	8,689	3,437	12,126	11,158
Building operations	2,472	2,002	4,474	3,128
Consulting fees	993	2,287	3,280	3,499
Travel and vehicle operation	762	359	1,121	1,114
Other	14	129	143	138
	$ 97,411	$ 27,371	124,782	122,359
Deduct:				
Claim administration costs			61,021	61,625
Charged to investment revenue			917	919
Recovery of costs			2,157	2,030
			$ 60,687	$ 57,785

Customer Services relates to all activities associated with Risk and Disability Management. Corporate Services relates to all activities associated with Human Resources, Legal Services, Finance, Corporate Communications, and Administrative Services.

15. SELF-INSURED EMPLOYERS (thousands of dollars)

These financial statements include the effects of transactions carried out for self-insured employers who directly bear the cost of their workers' claims and an appropriate share of administration expenditures. Currently, the Federal Government is the only self-insurer. This is a contractual relationship in accordance with the *Government Employees Compensation Act*. Certain government related entities and railways are responsible for the cost of injuries to their workers which occurred when they were self-insured in prior years. Aggregate amounts of such premiums and offsetting expenditures are contained in the Statement of Operations as follows:

	2002	2001
Premium revenue	$ 11,384	$ 8,726
Claim costs incurred:		
Short-term disability	$ 1,797	$ 1,893
Long-term disability	5,213	2,910
Survivor benefits	741	693
Health care	2,247	1,946
Rehabilitation	161	204
	10,159	7,646
Administration expenditures	1,225	1,080
	$ 11,384	$ 8,726

16. INJURY REDUCTION (thousands of dollars)

	2002	2001
Occupational Health and Safety	$ 6,300	$ 6,000
Safety Associations	5,384	4,699
	$ 11,684	$ 10,699

The WCB has a statutory obligation to reimburse the Alberta Minister of Finance a portion of the costs associated with occupational health and safety.

Funding is provided to industry sponsored safety associations for the purpose of improving the workplace.

17. APPEALS COMMISSION

The Appeals Commission operates and is administered by the Ministry of Alberta Human Resources and Employment. In accordance with Section 12 of the *Workers' Compensation Act*, the operating costs of the Appeals Commission are funded by the WCB from the Accident Fund. Effective September 1, 2002, this funding is provided to the Appeals Commission through quarterly payments to the Ministry of Alberta Human Resources and Employment.

18. COMMITMENTS (thousands of dollars)

A number of operating leases exist for computer equipment and office space. The following is a schedule of future lease payments to be charged to administration expenditures:

2003	$ 8,105
2004	2,784
2005	1,014
2006	235
Beyond	3,591
	$ 15,729

19. LONG STANDING CONTENTIOUS CLAIMS

The Minister of Alberta Human Resources and Employment (AHR&E) initiated in 1999/2000 two Review Committees to review the Workers' Compensation System with the intended purpose being to recommend any policy, legislative and regulatory changes to improve service delivery and accountability. One of the recommendations was to establish a one-time, independent tribunal, with the authority to review long-standing contentious claims. These financial statements do not contain any allowance for contingent liabilities in respect to any resulting costs arising from this recommendation, as the amounts are not presently determinable.

20. BUDGET

The Board of Directors approved the budget in October 2001. The budget is presented for comparison with the 2002 actual figures.

21. COMPARATIVE FIGURES

The 2001 figures are reclassified where necessary to conform to 2002 presentation.

WCB-Alberta salaries and benefits

Schedule A

December 31, 2002

	2002					2001	
	Number of individuals	Salary[1]	Benefits[2][3]	Other	Total	Number of individuals	Total
Chairman, Board of Directors[4]	1	$ 66,062	$ 1,103	$ -	$ 67,165	1	$ 60,224
Board Members[4]	9	165,342	6,180	-	171,522	9	200,811
	10	231,404	7,283	-	238,687	10	261,035
President and Chief Executive Officer	1	283,961[5]	41,813[6]	-	325,774	1	376,382
Vice President, Customer Service and Disability Management	1	172,135	24,280	-	196,415	1	251,050
Vice President, Customer Service and Risk Management	1	182,813	27,152	-	209,965	1	214,857
Vice President, Business Development and Information Management	1	182,813	26,012	-	208,825	1	232,260
Vice President, Employee and Corporate Services	1	170,625	26,297	-	196,922	1	164,087[7]
Chief Financial Officer	1	182,813	25,480	-	208,293	1	251,113
Secretary and General Counsel	1	176,719	28,440	-	205,159	1	206,319
	7	1,351,879	199,474	-	1,551,353	7	1,696,068
Full-Time Staff:							
(2002 - $54,329; 2001 - $56,597)	1,617	75,666,151	12,184,116	-	87,850,267	1,527	86,424,114
Termination Benefits	-	-	-	1,890,569[8]	1,890,569	-	2,589,337
Long-Term Disability	-	-	-	3,856,070[9]	3,856,070	-	2,308,566
Other Staff-Related Expenses	-	-	-	1,961,943[10]	1,961,943	-	1,879,872
Less: Salaries and Benefits for Millard Health	-	(12,757,046)	(2,234,153)	-	(14,991,199)		(13,163,556)
Administration – Salaries and Benefits[11]		$ 64,492,388	$ 10,156,720	$ 7,708,582	$ 82,357,690		$ 81,995,436

(1) Salary includes regular base pay, special incentive pay, overtime, performance awards, vacation pay, honoraria and contractor's fees.

(2) Employer's share of employee benefits and contributions or payments made to or on behalf of employees. It is comprised of Canada Pension Plan, Employment Insurance, Public Service and Management pension plans contributions, medical benefits, group life insurance, disability plans, employee and family assistance plan, professional memberships and tuition, long service and vacation payout.

(3) No amount is included in benefits and allowances for: car allowances, car insurance, or the value of parking and interest-free loans.

(4) The Chairman of the Board of Directors and Board Members are part time positions.

(5) The past President and Chief Executive Officer resigned effective February 28, 2002 and the interim President and Chief Executive Officer was appointed from March 1 to June 30, 2002. The current President and Chief Executive Officer was appointed July 2, 2002 at an annual base salary of $200,000. The combined base salary for 2002 was $222,711 and measured variable pay for performance of $61,250.

(6) The past President and Chief Executive Officer did not participate in the Public Service Benefit Plan. The Board of Directors had provided the past President and CEO with an amount in lieu of pension paid directly.

(7) The appointment to the position was effective April 2001, therefore the salary and benefits for 2001 are for a nine-month period.

(8) Termination benefits include retiring allowances, accrued sick leave and other settlement costs due to loss of employment. Included in the termination benefits is $392,800 paid to the past President and Chief Executive Officer.

(9) The adjustment to the liability for long-term disability claims reflects changes to the actuarial present value of all future payments expected to be made for claims which have occurred in current and prior years.

(10) Other staff related expenses include recruitment costs, seminars, conventions and conferences, staff and association luncheons and meetings, in-house training programs, retirees benefits and relocation costs.

(11) Excluded from this total is the Appeals Commission as it is a separate legal entity. See Schedule A-1 for details.

Appeals Commission salaries and benefits

Schedule A-1

December 31, 2002

	2002					2001	
	Number of individuals	Salary[1]	Benefits[2][3]	Other	Total	Number of individuals	Total
Chief Appeals Commissioner	1	$ 86,422	$ 13,727	$ -	$ 100,149	1	$ 142,424
Full-Time Commissioners	13	718,021	129,429	-	847,450	11	1,056,653
Temporary Appeals Commissioners	22	419,898	13,497	-	433,395	25	637,520
	36	1,224,341	156,653	-	1,380,994	37	1,836,597
Other Full-Time Staff							
(2002 - $32,984; 2001 - $50,328)	44	1,223,351	227,962	-	1,451,313	41	2,063,463
Termination Benefits	-	-	-	-	-	-	-
Long-Term Disability	-	-	-	-	-	-	-
Other Staff-Related Expenses	-	-	-	65,342	65,342[4]	-	36,876
TOTAL		$ 2,447,692	$ 384,615	$ 65,342	$ 2,897,649		$ 3,936,936

The Appeals Commission is a separate legal entity funded by the accident fund but administered separately from the Workers' Compensation Board. Effective September 1, 2002 the reporting relationship of the Appeals Commission changed such that it is now a separate government reporting entity under the Minister of Alberta Human Resources and Employment. Accordingly, the salaries and benefits for 2002 are for an eight-month period.

(1) Salary includes regular base pay, special incentive pay, overtime, performance awards, vacation pay, honoraria and contractor's fees.

(2) Employer's share of employee benefits and contributions or payments made to or on behalf of employees. It is comprised of Canada Pension Plan, Employment Insurance, Public Service and Management pension plans contributions, medical benefits, group life insurance, disability plans, employee and family assistance plan, professional memberships and tuition, long service, and vacation payout.

(3) No amount included in benefits and allowances for: car allowances, car insurance, or the value of parking and interest-free loans.

(4) Other staff-related expenses include recruitment costs, seminars, conventions and conferences, staff and association luncheons and meetings, in-house training programs, retirees benefits and relocation costs.

The plan is **working**

WCB-Alberta **Vision**

Albertans working – a safe, healthy and strong Alberta.

WCB-Alberta **Mission Statement**

WCB-Alberta, working together with our partners, will significantly and measurably reduce the impact of workplace illness and injury on Albertans.

2002 year at a glance

	2002	2001
Number of workers covered	**1,347,000**	1,303,202
Lost-time claim rate (per 100 workers)	**3.0**[1]	3.1
Number of new claims reported	**154,474**	145,916
Number of lost-time claims	**40,100**[1]	40,200
Number of recurrent claims	**33,388**[2]	19,863
New non-economic loss and permanent disability awards	**3,337**	2,888
Fatal claims accepted	**101**	118
Lost-time claims disallowed on the basis of ineligibility	**2.8%**	2.2%[3]
Number of new appeals	**3,666**	3,564
Return to work percentage	**87.4%**	86.4%
Claim costs (thousands)	**$862,584**	$916,123
Registered employers	**104,267**	101,031
Premium revenue (thousands)	**$680,360**	$508,640
Average actual premium rate (per $100 of insurable earnings)	**$1.64**	$1.29
Investment revenue (thousands)	**$197,539**	$330,382
Fund balance (thousands)	**$167,193**	$221,927
Occupational disease reserve (thousands)	**$221,800**	$226,500

[1] Lost-time claims and the lost-time claim rate are projected. This approach is taken to ensure claims for accidents occurring in 2002, but not reported by year end, are considered.

[2] Previously inactive claims that required further adjudication or case management. Claims may reopen for a number of reasons such as payments for medical aid or requests for further compensation benefits.

[3] Lost-time claims disallowed on the basis of ineligibility for WCB in 2001 has been restated from those used in previous reports.

The plan is **working**

For more information call (780) 498-8680 or visit the WCB-Alberta website at www.wcb.ab.ca
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WCB Workers' Compensation Board Alberta